

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6778

BILL NUMBER: HB 1114

NOTE PREPARED: Dec 27, 2005

BILL AMENDED:

SUBJECT: Various Property Matters.

FIRST AUTHOR: Rep. Foley

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies the language sufficient to incorporate by reference a recorded covenant, restriction, easement, or other encumbrance in a conveyance of land. It provides that an adverse possessor or claimant who wishes to establish title to land or real estate must pay the taxes and special assessments that the adverse possessor or claimant reasonably believes in good faith to be due on the land or real estate. (Current law requires the adverse possessor or claimant to pay the taxes and special assessments due on the land or real estate.)

The bill reduces the standard for the redaction of Social Security numbers in recorded documents from "to the extent possible" to "to the extent practicable". It adds a culpability standard for the Class A infraction that may be committed when recorded documents containing Social Security numbers are disclosed by the county recorder's office.

The bill repeals the duty of an individual preparing a document for recording to affirm under perjury that the individual has reviewed the document and redacted each Social Security number in the document. It repeals the prohibition on accepting a document for recording that does not have the affirmation. It repeals the recording fee imposed under the law concerning recording documents containing Social Security numbers. The bill also repeals the county identification security protection fund.

Effective Date: Upon passage; January 1, 2006 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues: *Penalty Provision:* This provision reduces the number of people who could potentially be convicted of committing a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund.

Explanation of Local Expenditures: *County Recorders:* Under current statute, beginning January 1, 2008, county recorders will be responsible for searching documents for a Social Security number, redacting documents that contain the number, and recording certification that the individual reviewed the entire document and took reasonable care to redact the Social Security number. Current statute also provides for county recorders to comply to the extent *possible*.

This bill makes it so that county recorders comply to the extent *practicable*. This provision may somewhat mitigate costs associated with redacting records. However, the bill repeals the requirement that a document must be redacted and have the certification attached before it may be accepted by a county recorder. The provision could potentially increase the number of documents a county recorder must redact.

Explanation of Local Revenues: *County Recorders:* Current law requires county recorders, as of January 1, 2006, to charge a fee for recording documents containing Social Security numbers. Two dollars of the fee would be placed in the county's identification security protection fund, which would be used by the county recorder to purchase, upgrade, implement, or maintain redacting technology. This bill repeals the sections of current code that allow the fee and establish the fund. The loss of future revenue is dependent on the number of documents containing Social Security numbers recorded per county.

Penalty Provision: This provision reduces the number of people who could potentially be convicted of committing a Class A infraction. Local governments receive revenue from court fees when court actions are filed and a judgment is entered.

State Agencies Affected:

Local Agencies Affected: County recorders, trial courts, local law enforcement agencies.

Information Sources:

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